It is Gold that has Risen, not Silver that has Fallen.

R. W.

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Five or six years ago, when I made earnest study of the statistics, it was estimated by men learned in the subject that the obligations extant in the world in the form of national, municipal, corporate, and like bonds, other than private, amounted to a probable total of $35,000,000,000.

WHAT THE WORLD NOW OWES.

For the last twenty years the world has enjoyed a general and prosperous peace. The period has witnessed the greatest and most rapid development of enterprise, invention, industry, and commerce ever known. It has been a period of unbounded energy and adventure; and the bonded obligations of the world must have increased in the last six years to forty thousand millions of dollars, to say nothing of private indebtedness. The interest on this sum per annum, at the average rate of 4 per cent., is sixteen hundred millions of dollars, for the annual payment of which the properties and industries of the world are taxed.

WHAT SORT OF INTEREST THE WORLD PAYS.

The payment of this vast amount would probably not be very depressing but for three circumstances. One of these is that many of the bonds bearing the interest were originally put out for not more than seventy-five cents on the dollar. Another circumstance is that the great bulk of these bonds are held in countries where gold is the only legal-tender; while most of the rest, though payable where gold is not the sole tender, are made payable in gold on their face. The third circumstance is that under the influence of the latter state of things, which creates a violent abnormal demand for gold, that metal has been for nearly twenty-five years at a premium, fluctuating somewhat, but now standing at about 20

per cent. above the general level of prices, which is the real par. It is true that market reports and quotations fail to show this premium and treat gold as the standard of prices, and state the prices of silver, of staple products, and of general properties at rates 20 to 30 per cent. below the actual par; but this is a mere conventionalism of the banking class, and, though disguising, does not change the fact that gold is at a premium over the normal prices of all other things of 25 to 40 per cent.

Thus the business of the world is paying an annual interest of some sixteen hundred millions of dollars on bonds, for many of which it received only seventy-five cents on the dollar; and is paying it in gold, which is at a premium over the normal value of general properties and products and wages of from 25 to 40 per cent. Here is one of the conditions of present finance which confronts the laborers, property-holders, and business men of the world.

Oppressive, however, as this burden is, its chief hardship consists in the necessity it imposes upon the public at large of paying all private debts to banks in funds embodying this premium on gold.

SILVER IS AN IMPERIAL PREROGATIVE.

There is another condition not less serious. Statisticians estimate the population of the world at 1,400,000,000 of souls. Of these 90,000,000 are in countries in which gold alone is legal tender; 188,000,000 are in countries where gold and silver both are legal money, and 900,000,000 are in countries where silver alone is the money of the inhabitants sufficiently civilized to use gold or silver as money.

Silver, therefore, is the money of the masses in countries holding nine hundred millions of the fourteen hundred millions that constitute the population of the earth. Thus is silver, with colossal emphasis and imperial prerogative, the money of the world.

The result is that the value and prices of property, of products, and of labor everywhere still retain their original relations with silver; they remain with silver; they adjust themselves automatically on the basis of silver as metal. Silver, the metal, and *as* metal, is the world's money. A good deal is heard about the "demonetization" of silver. But this metal cannot be demonetized. It is not in the power of local legislation to effect such a purpose. Nature has provided this metal as the money most convenient for the use of nine-tenths of the human race. The necessities of mankind at large forbid and prevent its demonetization.

Why the values of all properties and products and labor still remain and rest on the normal basis of silver is obvious. The raw commodities of commerce, embracing the products of agriculture, of mines, and of the sea, come chiefly, in many cases, solely from silver-money countries. Wheat comes to Liverpool from India, from Russia and from America—all of them silver-using countries—where it is bought at silver prices. Alike is the case with cotton, rice, tobacco, and all, or nearly all, of the great staple products. So that the general fact is that our properties and industries and their products rest on silver prices and are graded on the old rates. For our property we receive silver prices; for our labor we receive wages at the same rate. The money of the million governs general prices, while the money of the "capitalistic classes," demands for interest on bonds, is at a premium of 25 to 40 per cent.

THE REAL SITUATION.

This, then, is the second condition which confronts the world; industries and properties commanding the old normal prices are paying annual interest with a money commanding such a premium.

The tax is too enormous. The burden is too great. Protests widespread and multiform are rife against this predicament of the populations. Mankind are in bad humor. Strikes are going on everywhere. In our own country Farmers' Alliances and labor organizations are in general *emete;* cyclonic elections sweep the who.e country, and legislatures and Congress are in revolutionary discord. It is only the beginning. Unless relief is devised these troubles tend to run on, and on, and on, until culminating in convulsions more or less bloody.

THE REMEDY HARD TO FIND.

The remedy is as difficult as the disease is threatening. The free coinage of silver in the mints of the United States is but one of the necessary measures of relief; but though a trenchant, it would not be a sufficient one. It would operate as potentially as any local measure is capable of doing to cut down the premium on gold, that curse of our times. But complete remedy can be supplied only by the co-operation of Great Britain and Germany, the two countries holding the great bulk of bonds of the world. Those are the true sources of effective relief. Full and final relief cannot be obtained in permanency until those countries cease to demand gold exclusively for their dues and consent to accept in some form

and proportion the money which measures the wages of the laborers, the products of the industries, and the properties of the million.

WHAT SAYS ENGLAND?

But there is no present probability that these great powers will make any concession of their legal rights. The last utterance of Great Britain on the subject was the declaration of the Royal Commission, which recently made exhaustive inquiry into the subject and took proof mountain high of the necessity of abandoning the monometallic policy. That declaration was in these words: (See page 90, part second, of final report.)

"It must be remembered that this country is largely a creditor country of debts payable in gold, and any change which entails a rise in the price of commodities generally—that is to say, a diminution of the purchasing power of gold—would be to our advantage." Two-thirds of the British Parliament are said to be recalcitrant on the sordid policy thus justified; two-thirds of the English people are confessedly so, but the bankers and the "capitalistic class" which they represent are opposed to change, and that power is mighty enough in England to thwart all attempts at remedial legislation.

GERMANY MORE GRUFF THAN ENGLAND.

Germany is even more inexorable than England. There government dominates the popular will and directs private as well as public policy in finance. It deprived silver of the privilege of the mint and of the legal-tender function in 1873, not only because it was a creditor of other nations by many thousand millions of dollars, but because it desired to cripple the power of France, whose people are the richest in the world, and of the United States who were, in aid of boundless undeveloped resources, the largest borrowers in the world. Germany demands of us gold interest, strives to discredit our silver, and denounces and excludes our meat.

There is no probability of a voluntary change of momentary policy by Germany and Great Britain. They will persist in it until cataclysm comes. And sooner or later it will come. Their bankers may dominate parliaments and executives at home and in America for years in the future, but earthquakes and cyclones are unchainable. Time rights all wrongs. I hope it will be patient, long suffering, and slow to strike, but it will strike. It acts like the mills of the gods—slowly but surely.

WHAT THE UNITED STATES MAY DO.

I return to the subject of free coinage. The legal money available for circulation in the United States is now stated by the Treasury Department to be $1,500,000,000, or $1,498,-072,709, which is an overstatement. The production of silver in the United States last year was $64,646,494 in coinage value, or $46,750,000 in metallic value.

ON THE FREE COINAGE OF DOMESTIC SILVER.

Congress has recently passed a law authorizing the purchase and coinage by the Government of 4,500,000 ounces of silver a month, costing about $4,250,000 at present prices. This would be $51,000,000 a year, or about as much as the yearly product of our own mines. So that so far as our own silver is concerned its free coinage would add very little to the money circulation of our country. But why should the Government buy domestic silver at the metal price of $1.05 an ounce, convert it into coined dollars worth $1.29 cents, and make a profit off its own producers of 24 cents on the dollar? This part of its policy is mean and unworthy of a great Government. Better and more honorable far would it be to coin all silver of domestic production and make no charge, if charge at all, but the cost of coining. But the policy is maintained for an object. The object is to perpetuate the present premium on gold. The policy makes the Government the most potential agent for holding down silver, which measures the value of all staple products to a metal price in order to perpetuate a large premium on gold.

ABOUT FREE COINAGE OF SILVER NOT OF HOME PRODUCTION.

As to the free coinage of silver not from domestic mines, very little of it comes into the United States from other countries than Mexico and the States south of her. In fact, very few other countries ever have silver to spare. The imports of silver in 1888 from Mexico and elsewhere were $21,-592,062, and the exports to all countries $29,895,222. So that we lost of our own production $8,303,160. For the year 1890 the loss of silver from excess of exports over imports was nearly the same—that is to say, was $8,545,455. It is plain, therefore, that if free coinage should not affect the movement of silver there would be no result from opening our mints to metal of foreign production, and really it is doubtful whether such a measure would prevent a continuation of our loss of several millions of dollars of silver every year.

THE HYSTERICAL OBJECTION.

It is at this point, however, that the bond-holding or "capitalistic class" come in with hysterics. They declare that opening our mints to all silver will make our country the dumping ground of the world's white metal. I think it would be fortunate for our own country if the world had a surplus of silver to send us and should dump it in large quantities into our laps. But the truth is that the world has no silver to spare. Speculative adventure would undoubtedly for awhile engage in the minting of such silver as it could buy up here and there, now and then, for the sake of the profit that might be expected between the cost of the metal and the legal value of the coin. But there is no great amount of silver available in that way, and speculation in it would be short-lived. While it lasted, our own country would cease to lose silver by exportation, and would enjoy a sensible benefit from the increase in our circulation which the dumping process would bring us.

MORE CIRCULATION OUR PRIME NEED.

That we need an increase of circulation is plain. The most prosperous people in the world are the French, and French financiers are, and have long been, the most enlightened in Christendom. In France the money in circulation is within a few cents of \$60 a head. In the United States we have not half that ratio of circulation. For 65,000,000 of people we have a circulation of only \$1,500,000,000, if that much, or only \$23 a head. Even in England, *par excellence* a government of the capitalistic class, they have a circulation equal to \$21 a head. If we could run up ours to \$40 *per capita*, or to the gross amount of twenty-five hundred millions, there would be great prosperity and magical relief. This would require a thousand million of dollars to be added to the present circulation; but no rational man will pretend that we could derive as much as a hundred millions from the dumping process. Where is the metal to come from? The chief silver using and consuming countries are all Asia, all Africa, all the islands and archipeligoes of the Pacific, and all Russia in Europe, with the contiguous countries south of her to the Mediterranean. Their circulation *per capita* taken collectively is not \$2, is not \$1 per head. They need silver; their cry is ever for more. *Nil retrorsum* is the fate of every ounce of silver that enters those hungry and voracious regions. A Mississippi or an Amazon pouring floods of silver into the thirsty sands of the yellow and black nations would fail to saturate their insatiable capacities for

the metal. If we could send them missionaries in the shape of one-fourth the shekels which they need we should by that fact send them civilization. Industry and thrift are the parents of civilization, and industry and thrift cannot live where there is no money, silver being of all others the most welcome evangelist. Those countries have no silver to dump in our laps.

GIVE THE MINTS ALL THEY CAN DO.

The free coinage of silver other than of domestic production in the mints of the United States would scarcely do more than keep our home product at home and, as a means to that end, is a desirable measure. If it should have the further much-to-be-desired effect of attracting to this country the scattered lots of silver which speculators might find here and there in Europe, we should be gainers in the increase of our home circulation. If that could be carried up to $30, $40, or $50 per head of population, then the masses of our own people would gradually become moderate capitalists, and would, like the French people, eagerly and easily take up at home all bonds which we now habitually send to Europe for sale.

HYSTERICAL OBJECTION NUMBER TWO.

Another objection to free coinage is the prediction that it will drive gold to a premium, and this is urged with countenance suggesting something dire, like the coming of the Pale Horse of the Apocalypse, all hell in his train; but gold is already at a premium and has been so ever since Chancellor Bismarck undertook, like Canute and Mrs. Partington did the Atlantic Ocean, to abate silver as world's money in 1873. Sometimes this premium has reached 40 per cent., now it is fallen to 28 per cent., and is steadily going down. So we have long ago discounted the Pale Horse and have survived its apocryphal terrors.

But the advance of gold is precisely what will not result from free coinage. Its relative decline in price would be inevitable. That relative decline is the reason alleged by the English Royal Commission against a return by England to the bimetallic policy, which is another name for the policy of the free coinage of silver. The class in America who echo the catch phrases of London have mistaken their transatlantic prompters when they say that free coinage will send gold to a premium. The real complaint is just the reverse. If the effect of free coinage were not certain to be a cutting down of the real premium on gold there would be no hysterics in America, no pressure from England, no threats from Germany.

GREAT BANKERS, AND BANKERS NOT GREAT.

Opposition to free coinage comes almost wholly from the banking class. There are great men in that class, and some of the most noted of these are advocates of the bimetallic policy. The elder Rothschild, a great man, an earnest patriot, and a profound financier, counselled strongly against the new departure suggested by Soetbier and inaugurated in 1873 by Bismarck, and foreboded calamitous results from its adoption by Germany and from a persistence in it by England. The best writers of France and of the Continent, the brightest minds in England, Mr. Goschen one of them, are frevidly in favor of the bimetallic policy—of the equality of gold and silver in the banks, in the mints, and under the laws of legal tender. And though the mass of bankers in New York and Boston, two loyal colonies of London, are clamorous for the exclusion and degredation of silver, still there are notable and noble exceptions in both cities who deeply deplore the course which the majority of their class pursue on the subject.

AMERICAN INDEPENDENCE IN FINANCE.

Such is not the class of men from which a truly American policy of finance can come. But events are ripening for the establishment of such a policy. Ere long we shall have an American declaration of independence in finance, but it will not be made by the bankers. The fight for that second independence will unfortunately not be by them, but against them.

CÆSAR'S CRY TO CASSIUS FOR HELP.

The other day there were troubles in London. The great house of the Barings toppled to the ground. The Bank of England was short of gold, that god of the cockneys. Timely relief came. From what sources? It came from bimetallic France and bimetallic America. France sent fifteen millions of gold to the old lady in Thread-needle street, America shouted across the ocean, "send back of the bonds that we sold you, and we will return the money you paid us for them." Large blocks of bonds came back. Large moneys were remitted in payment. By this means trouble in London was relieved, and there was a great calm after the storm, thanks to strong America and generous, glorious France, sister republics! co-bimetallists.

Yours respectfully, RO. W. HUGHES.

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